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Fw: From Greenwire -- MINING: Pebble prospect divides Alaskans in land ofplenty

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Subject:	Fw: From Greenwire -- MINING: Pebble prospect divides Alaskans in land ofplenty

This is Part 2 of 2.

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MINING: Pebble prospect divides Alaskans in land of plenty *(Thursday, December 22, 2011)*
Gabriel Nelson, E&E reporter

ILIAMNA, Alaska -- Greg Anelon was raised near the shores of Iliamna Lake, surrounded by some of the world's most bountiful wild salmon spawning grounds. Like most of his neighbors, he has been a fisherman his whole life, plying the waters of Bristol Bay with a fishing permit handed down from his father.

Caribou, moose and wolves stalk the vast, windy wilderness of southwestern Alaska, where more brown bears than people live spread across an area the size of West Virginia. The lakes are filled with rainbow trout, northern pike and dolly varden. People in the nearby town of Nondalton like to say that no one needs to go hungry with such treasures all around them.

SPECIAL SERIES

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This is the second of a two-part series about the proposed Pebble Mine in southwestern Alaska. Click here for part one, about Bristol Bay's emergence as one of Alaska's tensest political battlegrounds.

Anelon remembers the first time mining executives stepped off a plane at Iliamna's airstrip and held a meeting. What they described that day, about eight years ago, could scarcely be imagined.

They wanted to start digging into a massive deposit of copper and gold known as the Pebble mine, which at today's prices could be worth a mind-boggling $400 billion or more.

Bringing the minerals to market would require infrastructure that doesn't exist here: a power plant, perhaps an ore processing facility, a 100-mile corridor of new roads and pipelines that would bridge the untouched terrain and end at a brand new port. Building all that would be a huge undertaking anywhere, but all the more so in a remote area threaded with rivers and splotched with lakes, where airplane and boat are the only two ways to reach most villages.

"That was scary," Anelon said. "And I think a lot of the local people are still feeling that scaredness."

On that day, Anelon and his neighbors saw a vivid image of southwest Alaska being transformed, seemingly overnight, to extract minerals that sat hidden in the ground for untold ages before the Dena'ina and Yup'ik people made this place their home.

Some people living near the mineral deposit came to see Pebble as a godsend for a struggling local economy. Others feel the miners should pack up and leave before they devastate an ecosystem with some of the world's best salmon runs. The tension between them has created a rift, turning families into factions and giving the whole area an uneasy Hatfields and McCoys feel.

People make snap judgments about how their friends and longtime neighbors feel about Pebble, said June Tracey, who runs a bed and breakfast on the shore of Sixmile Lake in Nondalton. She said she is worried about what the mine would do to her homeland. But sometimes, if she starts a sentence the wrong way, certain people will narrow their eyes and accuse her of supporting the multinational mining companies.

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The Newhalen River, seen in the foreground, runs from the burgeoning mining town of Iliamna to the traditional subsistence village of Nondalton and feeds some of the world's most productive salmon spawning grounds. In the distance, about 15 miles south of the proposed Pebble Mine, is 1,000-square-mile Iliamna Lake, a leading destination for sport fishermen and the largest fresh body of water in Alaska. Photo by Gabriel Nelson.

"Now, you have to be real careful of what you say," Tracey said.

Fishing is the lifeblood of the Bristol Bay region's economy, worth about $324 million per year, according to a 2007 study by economists at the University of Montana and the University of Alaska. Thousands of locals also take to the water as their ancestors have done for millennia. The fish are priceless to many of them, but the researchers estimated their catch to be worth about $100 million per year.

Pebble has worked for years to convince people that they won't need to choose between mining and fishing and that the right precautions are all it will take to reap the benefits of what the company expects to be the world's fourth or fifth largest copper mine, and the biggest in North America.

But in Nondalton, where many of the roughly 200 residents hunt and fish for sustenance near the mineral deposit, people tend to harbor a profound distrust. With the backing of Alaska's richest man, they have raised a cry that has echoed loudly in the state capital of Juneau, in the boardrooms of multinational corporations and even in the corridors of power in Washington, D.C.

"I know it's going to ruin our land," said Gladys Evanoff, a native of nearby Pedro Bay who has lived in Nondalton since 1950, at a community center where worn maps of the local terrain cover the walls. "I know it's going to ruin our water."

Mining town in the making

The Pebble Partnership, a joint venture of British mining giant Anglo American PLC and Vancouver, Canada-based Northern Dynasty Minerals Ltd., has already drilled 700 exploration holes and spent more than $500 million on the project, hoping to gain from copper and gold prices that continue to set new records on the commodity markets. The company says it will apply for permits near the end of 2012, though CEO John Shively has insisted that a project so complicated might not end up making financial sense.

In the meantime, some locals have found jobs in Iliamna driving trucks, serving food at the mess hall or doing payroll.

Anelon, who had worked as a schoolteacher and day laborer to make ends meet between fishing seasons, is a site manager for the Iliamna Development Corp., a Pebble contractor. He is also on the board of the Pebble Fund, a charity that gave Iliamna about $100,000 last year for a project at its landfill and $25,000 more for the school wrestling team to travel to competitions.

Life is changing for the better, Anelon said during an interview at a nondescript office building in Anchorage, where Iliamna Development Corp. opened an office to be closer to its main client. Some of Pebble's employees work down the hall.

With the company's money in their pockets, "people are able to fly to Anchorage, buy groceries, raise their families, buy Hondas -- things that you can't do without an economy," Anelon said. "And that's what I like."

Later that week in his hometown, the streets were filled with shiny white pickup trucks bearing the Pebble Partnership's logo. The air resounded with the buzzing of helicopters. They are the only way the company's hard hat-wearing workers can get to the wilderness northwest of town, where they run exploration drill rigs and collect rock samples.

Individually labeled with their location and depth, the samples are stacked by the thousands in the "core yard," a library of wooden pallets in Iliamna that Pebble's engineers use to figure out where the precious minerals are densest and where the walls of an open-pit mine could be built.

Despite the Pebble deposit's tremendous size and cash value, the core samples don't look that impressive to a layman, even after they are sprayed with water to make the mineral patterns easier to see. The gold is found in trace amounts, not in large seams, and the largest piece discovered so far is a couple

times the size of the period at the end of this sentence.

All together, just 0.5 percent of the total rock body is composed of copper, gold and molybdenum, the last of which is used to make stainless steel and other metal alloys. That is much lower-grade ore than the 13-percent-copper deposit at Alaska's largest previous discovery, the Kennecott mine, which operated near the Yukon Territory border from 1911 until it was abandoned in 1938.

It could be years before any earth is turned over to the north, but Iliamna and Newhalen already seem like mining towns. This fall, even after the peak fishing season for salmon and rainbow trout had ended, all the guesthouses in Iliamna were still booked. Many of them provide lodging to Pebble employees, who often work 20 days on, 10 days off.

Locals have seen other benefits. Gasoline prices fell from $8 per gallon to $6 after the development corporation started its own barge service to sell fuel to Pebble. And across from Iliamna's airstrip earlier this fall, used pallets were piled high outside a tent where Pebble's geologists peered through jeweler's glasses at the rock samples from thousands of feet underground.

Next to the stack, facing the street, was a sign: "Free wood."

Greg Anelon's aunt Myrtle Anelon, a member of Iliamna's village council and a native-owned village corporation that holds Pebble contracts, said it has been a blessing for her hometown. Despite a remarkable wealth of fish and game, incomes here are low. Unemployment is high. Many people live in prefabricated, federally subsidized houses, she said as she drove through Newhalen.

Commercial fishing, the only major industry here, has not been enough to pay the bills. Greg Anelon is one of the lucky ones, having tapped the equity in his home during hard times to hold onto the permit that was handed down by his father.

The salmon runs fluctuate, and many of the commercial fishermen who sold their permits during a bad year found themselves unable to get back into the market. Each year, fewer and fewer locals hold the scarce salmon permits that were created by the government to prevent overfishing and which now cost $160,000. So why not give mining a chance?

"God would give us something, and we don't want it?" Anelon asked.

'Just for a couple dollars'

Nondalton is about 15 miles north of Iliamna, but it takes a plane or boat to make the trip because there is no bridge across the fish-filled Newhalen River.

Along the gravel road that is Nondalton's main street, it seems that all signs are protest signs. Placards in the windows of most homes make a plea to stop the Pebble project: "Save Our Salmon."

The signs were put up by people like Rick Delkittie Sr., a 55-year-old Nondalton native who grew up making camp alongside Frying Pan Lake, in a valley now speckled with exploration rigs. Like his ancestors, Delkittie lives off the seemingly endless fish near his home, eating fresh salmon in season and drying more of it in a smokehouse to last through the frigid winter.

image removed

Workers discuss the mineral deposit's geology at a Pebble Partnership warehouse in Iliamna. The rock samples from Pebble's "core yard," seen in front of the workers, are an unimpressive gray, rather than sparkling with gold, copper or silvery-blue molybdenum, because the deposit is relatively low grade ore that averages about 0.5 percent copper. Photo by Gabriel Nelson.

Delkittie, who used to do reclamation work at the Pebble deposit when a different mining firm was in charge, said he recognizes that the minerals in the ground are as crucial for rural Alaska as they are everywhere else. After all, he needs parts for his Honda all-terrain vehicle and bullets for his rifle.

But like many of his neighbors in Nondalton, Delkittie is deeply afraid of what could happen to the fish and the water if there is an accident beyond the twin humps of Boys Mountain and Girls Mountain.

"We all realize we have to have mines," he said. "But this is not the place to do it."

His town's name comes from Dena'ina, the mother tongue of the Athabascan Indian people who make up most of the town's 200-odd residents. It means "lake after lake."

People in Nondalton are proud of their town's ample supplies of crystal-clear fresh water, which support the fish and all the other wildlife around them. That is one reason many of them were put off when Pebble's employees came to one early meeting with cases and cases of bottled water -- there was enough for everyone, as people in town remembered it. One resident stood up and asked the Pebble employees if they were scared of drinking the town's water.

The company acknowledges that a mine would have some sort of effect on the local streams and lakes, even without an accident. Pebble has promised to work in a way that results in "no net loss," offsetting any harm by restoring salmon habitat to make the fishery more productive.

No one knows what low-level contamination from the mining project would do to the ecosystem, but the collapse of salmon in the Pacific Northwest does not bode well, said Carol Ann Woody, a fisheries biologist formerly with the U.S. Geological Survey and U.S. Forest Service who spent the past few years studying southwest Alaska's salmon for the Nature Conservancy.

Over a few decades of digging, the open-pit mine -- which, according to estimates by the mine's opponents, would be six or eight times larger than all other mines in Alaska combined -- would produce billions of tons of waste rock that would be stored in tailings ponds hundreds of feet high and perhaps miles wide. Pebble is a sulfide ore deposit. When that type of waste is exposed to air and water, it can become sulfuric acid and dissolve other minerals. An accident tainting the Koktuli River or Upper Talarik Creek, which feed the Kvichak and Nushagak rivers, could potentially kill fish and wildlife all the way to Bristol Bay, Woody said.

Critics also say a dam failure is more likely in an active earthquake zone like Alaska. Similar waste pits at South American copper mines survived a magnitude-8.8 quake off the coast of Chile last year, the developers point out, though a single success isn't enough for a dam that would essentially need to be maintained forever.

Over the years, Nondalton has fought Pebble along with the towns closer to Bristol Bay, where fishermen set off to catch sockeye, chinook and coho salmon as the fish start their journeys to their spawning grounds. Subsistence fishermen, commercial fishermen and sport fishermen typically jockey for the best access to salmon, but Pebble has pushed them into a noisy alliance with environmentalists, all of them focused on protecting the fish they all prize for different reasons.

The Bristol Bay Native Corp., a $1.7 billion enterprise mostly owned by shareholders in the region, has also come out against Pebble, deciding that the threat to the ecosystem outweighs potential economic gains.

Nondalton and several other villages asked U.S. EPA last year to study how large-scale mining projects such as Pebble could affect the local ecosystem. EPA agreed, and now the towns are asking the agency to send Pebble packing, said Kristy Jeffries, a 29-year-old Nondalton native and village council member.

It was a brisk morning in early fall, and through the window, the morning sun reflected orange on Sixmile Lake. Beyond the lake, filled with trophy-size

rainbow trout, were the mountains of Lake Clark National Park and Preserve, which was created by Congress three decades ago to protect the watershed that supports Bristol Bay's salmon fishery.

"What they don't realize is, that's our culture and tradition that they're risking, just for a couple dollars," Jeffries said of the developers. "There's no amount of money that could even compare to what we would be losing if that mine ever went through."

War of words

Insults and rumors of selfish motives fly easily in the Lake and Peninsula Borough these days, often aimed at people on the other side of the Newhalen River. To many of the people who want to block Pebble immediately, there is an explanation for those who are willing to let the project unfold: They are taking money from the mining company, or, at least, are covering their eyes to the project's dangers so they can keep lucrative contracts.

In return, through a constant back and forth that has been echoed by the advertisements on television and the vicious articles in Alaska newspapers, the opponents are said to be manipulated by Robert Gillam, a billionaire investor and avid fisherman who owns a home farther upriver near Lake Clark.

Gillam, usually a donor to Republican and pro-development causes, has spent more than $10 million fighting Pebble over the past half-decade, pouring the largest sums into a statewide ballot initiative that was voted down in 2008. The project's supporters have tried to paint Gillam as an elitist outsider, but Art Hackney, an Anchorage-based political consultant who has led Gillam's campaign, said he is an outdoorsman and merely wants to protect a pristine wilderness that he loves.

"He's being beaten up for being a rich guy," Hackney said.

This year, Gillam funded a ballot initiative to ban mines from getting permits in the Lake and Peninsula Borough.

It came with no shortage of personal attacks. Hackney wrote one op-ed in the *Bristol Bay Times* this April accusing Glen Alsworth, the mayor of the borough and the owner of Lake Clark Air, of hiding that he received about $200,000 of income from Pebble in a two-year span.

Alsworth, who countered by saying he made the money legitimately by providing Pebble with services, was cleared of wrongdoing in a state investigation. And when Pebble arranged for a reporter to get a tour of the mineral deposit, it was Alsworth who piloted the small airplane from Anchorage to Iliamna, carrying several passengers along with a load of wood and windows.

Supported vociferously in Nondalton but largely opposed in Iliamna, the "Save Our Salmon" initiative passed, 280-246, and is now being fought in court.

As the votes trickled in by mail this fall, many windows in Iliamna and Newhalen -- the local air taxi service, a lodge, a convenience store -- bore campaign signs with a slogan of their own: "Defend Your Rights."

"They, the 'Save our Salmon' people, say a catastrophe is inevitable and that's what they're scared of," said Greg Anelon, whose family also seems to have a permanent spot on the tongue-tips of the people who want Pebble gone. Anelon said he has not taken money from Pebble except for his work for the development corporation, and his position on the board of the company-funded charity known as the Pebble Fund is unpaid.

"You say a lie long enough, and it becomes truth," he added, referring to the Gillam-funded campaign. "You say it over and over and over, until they think it's going to happen."

Also embroiled in the controversy is Father Michael Oleksa, the chancellor of the Eastern Orthodox church's Alaska diocese, whose parishioners include most people in the Bristol Bay region.

Oleksa has spoken out against Pebble, saying that a mine would devastate the land in the Bristol Bay region. Supporters of the project questioned his motives, pointing to an apparently hacked email from Oleksa to a church colleague that discussed the possible financial benefits for the church of keeping close ties to Gillam.

"He's never done anything for us," Myrtle Anelon said of Gillam. As for Oleksa, he "knows nothing," and never could, because he does not live anywhere near the Pebble deposit, she said.

Anelon did not hold back about her neighbors across the river either. When she was told that a reporter would be flying to Nondalton, Anelon grew somber, saying that people there make heavy use of drugs and alcohol. She wondered aloud how they afford their cigarettes and lamented how many young people there kill themselves.

'If I don't grab for it ...'

People in Nondalton are used to hearing that they need help. Some of their neighbors lament that southwest Alaska's subsistence villages have been left behind by the cash economy, that Pebble could bring the jobs and money that will keep the next generation from moving away and turning traditional towns into ghost towns.

Without new jobs, some people who support Pebble say, a diaspora is inevitable. Abe Williams, a commercial fisherman from the Bristol Bay town of Naknek who is president of the Pebble-backed development group Nuna Resources Inc., put it diplomatically.

"With all due respect, there's a lot of folks out there who have traditional values that they've hung on to over the years, and are very adamant about allowing their children, and their children's children, to live off the land," he said. "But to have the opportunity to do both -- to work, and be able to subsist and enjoy your livelihood as you've done in the past -- would be a great achievement."

People in Nondalton bristled when they heard that sort of argument. Some young people might leave Nondalton, but they usually find their way home, said Tracey, who catches her own fish and makes desserts with fresh-caught berries.

"I don't like the way they say we're poor," she said. "We're not poor. We're rich in every which way you could think of."

Lisa Reimers, the CEO of Iliamna Development Corp., was waiting a long time for an opportunity to present itself. Up until Pebble showed up, she said during an interview at a bookstore coffee shop in Anchorage, it seemed nobody was coming to help.

Her parents tried opening a lodge, but they lacked the money to compete with lodges that plied hunters and fishermen with floatplanes, guides and chefs. Bear-viewing trips didn't pay the bills either.

And then, out of the blue, the Pebble Partnership ramped up its exploration in 2004. The company offered small contracts at first. Little by little, they handed over bigger tasks to Reimers' family business, and now, the village corporation has its own fuel service, shipping bargeloads of gasoline and diesel in from Homer, Alaska. What the company doesn't sell to Pebble, it sells at a newly opened gas station and convenience store.

"It's a relationship, and you have to build trust," Reimers said. "It's almost like a marriage. It takes time."

Their business marriage has had a bit of a learning curve.

The first time Iliamna Development Corp. carried a bargeload of fuel into Iliamna, a trailer holding a 9,500-gallon fuel tank came unhitched from its truck. It spilled 1,400 gallons of diesel into the soil. Some of the fuel made its way about 200 feet to the Iliamna River and left an oily sheen on the water, state investigators found.

Though the minerals buried in the northwest might not be mined anytime soon, Newhalen and Iliamna are still learning how to be mining towns. Even the project's staunchest supporters have their doubts, remembering how Alaskan natives have missed out on the commercial fishing business that is the region's

only major economic engine.

The decisions made today could decide the fate of a whole region. Will the unparalleled natural wealth that attracted people to the shores of Lake Iliamna, to the rivers, lakes and coastlines of Bristol Bay, lead them to prosperity or to ruin?

In the imagination of Raymond Wassillie, president of the Newhalen village council, there is a Newhalen where the Pebble Mine has already been built and the fish kept swimming as if nothing changed. He envisions his town preserving a proud culture of living off the land, while making money and enjoying the sorts of things that people see on television.

Maybe mining will bring prosperity to his people, Wassillie said in the back of his family van, his wife waiting in the driver's seat to take them to the airport.

Then again, maybe it won't.

Fishing is his heritage, but the unpredictable runs and the whims of the marketplace, the salmon prices that swing up and down by the year, have made it feel like playing poker without being able to look at the cards in his hand.

Thanks to catch limits, natural fluctuations in salmon numbers and the ever-changing price that salmon fetches on a global marketplace, the price of a permit has careened up and down. They were selling for $250,000 back in 1980, and then the fishery crashed, sending them down to $18,000 in a few years time.

"It's a gamble," Wassillie said.

Pebble says its project will employ 2,000 people during construction and create 1,000 permanent jobs for the life of the mine, but local leaders fret that mining could prove to be the same story. Once there is a hole in the ground, the company could very well decide to fly in cheaper labor from somewhere else, just as foreign deckhands staff some of the fishing boats on Bristol Bay. Too many times through the years, native Alaskans have been misled or disappointed.

Still, Wassillie said, "if I don't grab for it, it's not coming back again."

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